

INTERNATIONAL
SOCIALIST BUREAU

People's Palace
BRUSSELS

International Socialist Congress of Vienna

(August 23-29, 1914)

DOCUMENTS

2nd Commission : The high Cost of living

REPORT BY OTTO BAUER

The high cost of living is an international appearance. If, from 1874 to 1895, the world market prices sunk, from 1896 forward the increase has begun in the whole world and is still lasting.

If we designate the prices of the necessities of life in 1900 with the number 100, we will see that in the following years, this figure grew thus (1) :

	1905	1908	1910	1911	1912
Australia	101	106	103	103	116
Belgium	110	116	122	128	132
Germany	108	112	117	118	123
France	107	115	114	121	123
England	103	108	109	109	115
Italy	100	106	112	114	111
Japan	132	136	132	138	—
Canada	111	129	135	136	151
Holland	102	107	115	117	123
Norway	100	109	108	111	119
Austria	108	118	126	128	135
Russia	112	130	116	121	—
Spain	109	103	—	—	—
United States . .	113	126	140	139	150

(1) Compare Tyszka : « Tatsachen und Ursachen der internationalen Verteuerung der Lebensmittel », *Annalen für soziale Politik und Gesetzgebung*, Berlin, 1914.

These figures are not always and everywhere to be compared to each other, since they have been ascertained through various methods. Any how, they suffice to give a very clear idea of the following facts :

1. The high cost of living is an international appearance ; it is therefore to be explained through the general evolution of capitalism.

2. The high cost of living has grasped the various countries in a different degree. This difference may be explained partly through the diversity of the conditions of production and traffic in each country, and partly through governmental intervention in the legislation and administrative supervision.

THE CAPITALIST DEVELOPMENT OF THE LAST TWENTY YEARS

The pace of the development of capitalism reflects itself first in the movement of the prices of the necessities of life.

The discovery of gold mines in California and in Australia, towards the half of the 19th. Century, as well as the construction of great railway lines and the development of the steam navigation, created that mighty expansion of the capitalistic economical life, which suddenly ended through the great crisis of 1873. This period of « storm and stress » of capitalism was accompanied by a quick raising of the prices of the necessities of life. The slackness in the development of industry — which occurred during the years 1870 to 1880 coincides with the sinking of the universal market prices. In 1895, the index-number of the *Economist* reached its lowest point. After 1895 we live again in a « storm and stress » period of capitalism, accompanied again by an elevation on the prices of the necessities of life.

The quicker development of capitalism during the last two decades has a great many reasons.

First of all the development of the *technical science* has progressed very rapidly during these last twenty years.

Above all it is the method of production of motive forces which has been improved. The application of superheated steam in the piston steam-engine, the steam turbine, the Diesel motors, the big gas engines, all these are acquisitions made during the last twenty

years. Moreover the automatic systems of lubricating and heating have sunk the working costs.

At the Francfort Electricity Exhibition, in 1891, there was for the first time a demonstration of strong currents at long distances. Since 1895, the electric motor has begun to substitute the hydrostatic pressure in the building of elevators and lifts, and in the traction of cranes and elevators for raising goods it has shown itself superior to the working by steam. In the industry the old methods of transmission of power through shafting, steam, hydrostatic pressure and compressed air are displaced by the electrical currents. The water power finds new utilizations. Through electrical central stations the electric power is supplied to extended territories.

Hand in hand with the improvement of the production of motive forces and that of their transmission goes also the improvement of the extraction and production of raw materials. In the mining industry the application of natural forces for the transportation of ore and coal has been improved. Analogous improvements have been obtained in the iron-industry. The chemical processes for the extraction of raw iron and ingot-iron may be used nowadays more economically thanks to the improvements on the technical processes, auxiliary engines, but above all on transportation and elevation engines of all kinds, such as cranes, etc. These chemical processes are daily more perfected. It is now possible to transform the raw iron coming out of the high furnaces into ingot-iron without new conductors of heat and the works of ingot-iron thus obtained can be directly laminated. For this reason one builds now rolling mills and steel works in the immediate neighbourhood of the blasting furnaces. At the same time, in using the high furnaces gases as motor gas, the production of motive forces becomes cheaper. The progress of the chemical industry during the last quarter of century is prodigious, especially in regard of colouring substances and nitrogens.

Still more remarkable is the progress made in the metal-work. The shaping machine, the revolving lathe, the various self-acting machines, the autogenic processes of reheating and cutting, have entirely changed. Owing to the utilization of alligated quality steels for the construction of machines, the speed of the latter has been considerably increased, the rapid lathes and the borers of great productivity show with the use of a same quantity of motive power an enormous increase in the work produced.

The traffic in general has experienced a complete revolution. The electrification of street cars, the building of electric railway main lines, the automobile, the revolutionary change in the shipbuilding through the steam turbine, the big Diesel ship motors, the lengthening of the cargo steamers, the completion of the interurban telephone lines, the wireless telegraphy, all these are events in the development of the technic, which have happened during the last quarter of a century. No less important is the change which has occurred in the building of houses and in the architecture of the cities.

The utilization of concrete, the construction of central heating systems and of bath rooms, as well as the great transformations in the technic of illumination, characterise the latest development.

These instances suffice to show the rapidity of the technical progress during the last twenty years. There is no branch of industry to which this last quarter of a century did not bring either new methods or new engines.

This progress of the technic in general has been accompanied by an improvement of the public hygiene. Mortality has sunk. The average of life's duration has increased. Whenever this development has not been hindered through a great decrease of the amount of births, there has been a quick *increase of population*. Thus, in Germany, for each thousand inhabitants there have been

	Deaths	More births than deaths
1881 to 1890 . . .	26.5	11.7
1891 to 1900 . . .	23.5	13.9
1901 to 1910 . . .	19.7	14.3

The population of the German Empire has grown in the thirty years, from 45 to 65 millions. This increase of population has taken place with still greater rapidity in the countries which were able to draw great masses of emigrants. Thus the population of the United States amounted to :

	Millions inhabitants
In 1880.	50.1
» 1890.	62.8
» 1900.	75.9
» 1910.	91.9

The countries with the biggest increase of population, above all Germany, the United States and Japan, have had the largest part of the economic development of these last decades.

At the same time the *expansion of capitalism* has taken place with rapidity.

The most important means and a sure sign of this expansion is the density of the traffic roads. The length of the railways in exploitation amounted to

	In 1891	In 1911
	kilometers	
Europe	223,869	338,880
America	331,417	541,028
Asia	33,724	105,011
Africa.	9,386	40,489
Australia.	18,889	32,401
Total	617,825	1,057,809

In two decades the world's railway system has lengthened itself of 71 p. c., and in the countries across the seas quicker than in Europe.

The expansion of the countries across the seas through European and American capital unlocks to the latter always new territories for investment and outlet. The augmentation of importations shows how quickly the outlet of goods in the countries across the seas increases.

According to their value, the importations amounted to :

	In 1893	In 1912
	in million marks	
Algeria	194.3	534.5
Tunis	31.1	99.2
English South Africa.	282.0	825.9
India	1,000.5	2,086.3
Straits Settlements.	372.5	1,066.5
Canada	541.8	2,236.2
Australia	485.5	1,326.3
Egypt	180.9	537.6
Argentina.	389.7	1,558.7
Mexico	182.3	383.6
China	616.4	1,327.1
Japan	228.6	1,299.9

The importations in Brazil have ascended from 813 million marks in 1895 to 1,302.3 millions in 1912 ; those of Corea which amounted to 28.3 millions in 1902 have increased to 83.8 millions in 1910 ; the importations of Persia from 94.3 millions in 1901 to 181.7 in 1912. We therefore see in all countries, whether directly or indirectly under the domination of European and American capital, that the importations have prodigiously increased. Moreover the outlet territory of capitalism keeps on extending itself.

Finally, the speed of the economic development is quickened through the *increase of gold production*.

The gold production amounted to :

	Kilogramms
Annual average from 1886 to 1890	169,869
» 1891 to 1895	245,170
» 1896 to 1900	387,257
» 1901 to 1905	484,639
» 1906 to 1910	652,166
Year 1911	692,000
» 1912	707,000

The tremendous changes in the technic, the rapid increase of population, the accelerated expansion of capitalism and the augmentation in the gold production, these are the main reasons for the quickening of the economic development during the last two decades.

The rapid development of industry has increased enormously the use of raw materials. The following instances will show it :

	Coal Production		Raw Iron Production	
	1892	1912	1892	1912
	by 1,000 tons			
Germany	92,544	259,435	4,937	17,853
France	26,178	41,308	2,057	4,872
England. . . .	184,704	264,749	6,817	10,033
Austria	29,038	51,527	944	2,785
Russia	6,946	26,636	1,072	3,588
United States . . .	162,685	450,165	9,304	30,203

The working class has taken advantage of the favourable situation of the last twenty years. Through the strength of its Unions it has

obtained higher wages. In the country, the production for the producer's own needs is being supplanted by the production for the market : the farmers buy nowadays on the market articles which they formerly produced. The elevation of the educational standard among the people creates new needs. The demand for food articles, for lodgings and for all kinds of goods for the use of the masses goes up.

Likewise, the impetuous development of industry during the last decades, has rapidly increased the needs of industry for raw materials, and the demand for goods to be consumed by the masses has grown. But *the development of agriculture has been unable to keep pace with the development of industry.* Agriculture has not often been able to increase its production, and when it has, it was only through a raise of the production price, in order to cope with the needs of the industry and the augmentation of its productivity. This disproportion is one of the reasons of the high cost of living.

THE DEVELOPMENT OF AGRICULTURE

a) *European agriculture.*

Agriculture has also had its part in the technical progress of these last twenty years. The improvement of the agricultural engines, the application of fertilizers, the perfection of breeding and in the rotation of crops, as well as the closer association between agriculture and industry, have increased the productivity of the husbandry and breeding.

In spite of this however the agriculture of Central and Western Europe is since a long while no longer in condition to satisfy the demand for food articles which are necessary to these countries. Besides, in the industrial States an incessant shifting takes place of the farming population towards industry. In almost all these countries, the portion of the population occupied in farming sinks rapidly. For each 100 workers, there were occupied in farming or forest service :

		Percentage of workers employed in the agriculture		Percentage of workers employed in the agriculture
Belgium	in 1890 . . .	22.9	in 1900 . . .	21.1
Germany	» 1895 . . .	37.5	» 1907 . . .	35.2
England	» 1891 . . .	15.0	» 1901 . . .	12.7
Holland	» 1889 . . .	32.7	» 1899 . . .	30.7
Norway	» 1891 . . .	49.6	» 1900 . . .	41.0
Austria	» 1890 . . .	64.4	» 1900 . . .	60.9
Sweden	» 1890 . . .	54.0	» 1900 . . .	49.8
Switzerland	» 1888 . . .	37.4	» 1900 . . .	30.9
Hungary	» 1890 . . .	71.0	» 1900 . . .	69.7

The figures of these different States cannot be compared with each other, because they have been obtained through different methods. However they show that in every country the farming population decreases while the industrial one increases. Only in Italy and in Denmark the agricultural population has increased in relation to the general population. In France, the census of 1906 shows a percentage of 42.7 for the land workers against 41.8 % in 1901. But this must be attributed to a more accurate interpretation of the statistic, in which has also been included the members of the family helping during the crops.

The population of the cities and of industrial territories grows much quicker than that in the rural centers. The agricultural population, in spite of the increase of the productivity of its work, can no longer cover the needs of the industrial popular masses for land produces and cattle. The industrial States of Western and Central Europe must therefore import from abroad an always increasing portion of the necessities of life and raw materials, to satisfy their needs.

Countries which till a little while ago were exporting these necessities of life, have now themselves become dependent from foreign importation. Thus, for instance, Austria-Hungary. The following figures will show how these States evolve from the exportation of the importation of corn.

	Importation of corn Million crowns	Exportation of corn
In 1892	11.8	107.6
» 1902	33.2	78.9
» 1910	75.3	39.9
» 1911	88.1	23.3
» 1912	122.0	47.0

To cover the needs of importation of the industrial States of Occidental and Central Europe it is called first upon the agricultural States of Eastern Europe. Nature has favored these States with a fertile ground, the produces of which could feed the whole Europe. But the social relations there in vigor do not allow to take advantage of the natural riches hidden in the ground. The cultivation of the soil is entrusted to poor and ignorant people, whose property is too small, their education too insufficient, their way of thinking too conservative to be able to follow a rational cultivation and breeding. To show how backward the agriculture of the East European countries is, it will suffice to give a comparison of their yield per hectare with the yield per hectare in the West and Central European countries.

An hectare of wheat field yielded in 1911-1912 :

Western and Central Europe		Eastern Europe	
	Cwt.		Cwt.
Belgium	26.6	Bosnia	8.7
Bohemia	22.0	Bulgaria	11.8
Germany	22.6	Galicia	13.4
England	19.5	Roumania	11.8
Ireland	23.4	Russia	6.9
Holland	26.3	Servia	9.0
Sweden	22.0	Hungary	12.7

The development of the *Russian agriculture* has the greatest importance for the supply to Europe of the necessities of life. The surface of exploitable lands for agriculture in the European Russia is more extended than that of all other countries of Europe together.

The foundation of the Russian agriculture was obtained through a monstrous spoliation of the Russian peasants, the so-called tsarist « peasants' emancipation » of 1861. — The « emancipated » Russian

peasants received, on average, no more than 3.2 Dessiatenes (1 Dessiatene equals 1.09 hectare). It is true that the peasants' lands during the next forty years, either through purchases, or through lease-holding, increased by 20 %. But it is also true that the population grew from 45 to 85 millions. The limitation of peasants' lands have caused an enormous waste of the forces of nature and of production.

Since the peasants received a small surface of land, they were compelled, in order to supply with corn the increasingly growing population, to plough as much as possible of this land. The fallow grounds decreased. The nutritious substances which are thus taken away from the soil, are not given back to it, and the ground is soon exhausted. This exhaustion has still increased through the insufficiency of fertilizers. At the time of « their emancipation » the peasants received too little pasture ground. Since then the breeding of cattle has been on the decline. On a thousand dessiatenes of land, there were in 1880 : 655 heads of labour cattle ; in 1890 : 631 ; in 1900 : 602. The diminution, of fallow grounds, and of the use of fertilizers caused the unmethodical working of the farms. In the nineties, the produces of communal grounds (Mir) remained on average 17 % behind the needs of the peasants' alimentation, if we accept to represent this need by 19 puds per head (a pud equals to 16.38 kilog.) (1).

But not only the forces of the soil were squandered away, the working forces were also wasted. Out in the country the increasing rural population has been unable to find employment. According to an official statement, there were for the crop of 1900 only 11 million working forces needed and 44 millions were to be had!

The intensity of agriculture was checked through the dependence of each peasant from the Mir, through the parcelling out of the soil into a quantity of small intermixed grounds, through the joint-security for the payment of heavy taxation on the communal ground, through the tsarist legislation of 1893 which forbids the farmer to mortgage his land and thus prevents him to undertake any amelioration and throws him into the hands of usurers ; but it was above all checked through the misery of the farmers and through the

(1) See Preyer, *Die russische Agrarreform*, Iena, 1914.

limited technical knowledge of these peasants kept in ignorance and far from civilization by the tsarist government.

Shall this bad state of things be mitigated through the agrarian reform which the Russian government, under pressure of the revolution, has begun? One must wait, to say it. Till now the Russian agriculture has not been able, in any way, to cover the needs of the industry of Western and Central Europe. The system of the tsarist government prevents to take advantage of the natural riches of Eastern Europe. And that is why Europe is compelled to depend on the countries across the seas, especially on America, for the importation of the necessities of life.

b) *The American agriculture.*

During these last years, the American population has increased by 16 millions. A small part of this increase is fallen to agriculture; the greater part however streamed towards the industry, mines, commerce and traffic. From 1900 to 1910 the population of the cities has had an increase of 11.8 millions whereas that of the land districts only one of 4.1 millions. While the whole of the population has experienced a growth of 21 %, the number of farms has only been increased by 10.9 % ; the totality of farm lands by 4.8 % and the improved surface within these farms by 15.4 %. Till 1900 the number of farms and the expansion of farm lands has gone up quicker than the population, but now the augmentation of the number of farms and the expansion of their surface, remains behind the increase of population. The mighty and swelling American industry has overwhelmed agriculture in its struggle for the capture of working forces (1).

According to a statement of the Department of Agriculture, the totality of land susceptible of being cultivated is already in possession : there is no longer a piece of land, susceptible of exploitation, which has not found its proprietor. Doubtless a great many of these lands, are still unimproved. But their culture demands ever more higher expenses. Even on the already cultivated grounds,

(1) Compare Augstin : « Die Entwicklung der Landwirtschaft in den Vereinigten Staaten », *Schriften des Vereins für Sozialpolitik*, vol. 141.

culture comes always higher. Wages, owing to the scarcity of land hands, increase. The rural proprietors owing to a greater intensity of capital (machine improving, oftener use of fertilizers, etc.) must try to get from the land a greater yield. Moreover, the exhaustion of the lands in the Eastern States, compels to an always better rotation of crops. While, on one side, the surface of cultivable lands extends itself very slowly, on the other side, the intensivity of the production on the old lands, causes an increasingly higher cost of production.

At the same time the relations between agriculture and breeding shift themselves. Till now in the extensive prairies of the West prevailed the pasture grounds. The cattle was kept there till two or three years of age and then brought East where they were fattened. Now however agriculture is extending towards the West. Irrigation and dry farming make cultivation possible on this arid ground of the steppes. Wherever the land is hemmed in and the water sources are taken advantage of by the settlers, the extensive breeding must cease. The limitation of pasture grounds causes either the diminution of breeding in general, or the substitution of the extensive exploitation of pasture grounds through an intensive breeding with stables and winter forage. This, of course, causes high breeding costs.

The decline of the prairie cattle breeding has had for consequence that the cattle-fatteners who live in the territories where the maize is grown, have been unable to obtain the necessary quantity of cattle at cheap prices. And that is why the Eastern States are compelled to breed themselves the cattle which is to be fattened. In order to get pasture grounds, they are compelled to limit the cereal culture.

The results of these agricultural shiftings are as follows :

1. The grounds for cereal culture do not increase very much. If it is true that agriculture extends itself towards the West, it is also true that on many grounds for cereal culture the latter is limited in favor of forage cultivation. But, as at the same time, the demand for corn in the United States increases rapidly owing to the enormous augmentation of population, it remains always less corn for exportation. This fact is shown by the following figures :

	Wheat crops	Wheat export
	in 1,000 tons	
1901	15,419	6,397
1902	22,099	6,933
1903	19,785	6,028
1904	18,832	3,570
1905	16,310	1,319
1906	20,461	2,883
1907	16,803	4,349
1908	21,709	4,823
1909	20,177	3,374
1910	18,753	1,382

While in 1901 41 % of the crops could be exported and in 1902 31 %; in 1909 it was only 17 % and in 1910 it remained but 7 % of the crop available. The United States, formerly the World's corn-lofts have now become an industrial State, which need an increasingly bigger portion of their crops to feed their own people. If the great corn surplus of the United States of America was in the seventies a cause of the diminution of the world prices for the necessities of life, to-day, the gradual disappearance of this surplus is one of the causes of the high cost of living.

2. The United States can only deliver to the World Market a portion of their crops—the latter becomes increasingly smaller—and it is ceded to higher prices than formerly. The prices of the corn is determined by the cost of production of the lands which are under cultivation; the low costs of production of the best kind of lands do not lower the prices, but simply guarantee to the land proprietors the differential rent. Now, the best kind of lands is since long cultivated and the expansion of the American agriculture directs itself especially towards the arid Western lands. These need extensive irrigation works, the utilization of the dry farming, that is to say a high cost of production as well as expensive transportation prices, and that produces the rise of corn prices. The average price of a bushel of American wheat which was in 1895 \$ 0.58 reached in 1909 and 1910 the amount of \$ 1.02 and in 1911 \$ 1.93!

3. The agricultural expansion towards arid territories has had, at

cattle augmentation does not keep pace with the increase of population. To each 100 inhabitants corresponded in 1880 : 79 oxes and 98 pigs ; in 1912 : 60 oxes and 60 pigs. Consequently a permanent decrease in the exportation. In 1905, 567,000 oxes were exported, in 1910 but 139,000.

The exportation of meat and milk produces reached :

	In million marks
In 1901	829.2
» 1905	715.7
» 1910	549.9

If therefore, in general, there is a decrease in cattle-breeding, the breeding and fattening through the transformation of the prairie pasture breeding into intensive breeding comes much too high. Thence an increase of price on all breeding produces.

The epoch where the great surplus of Northamerican agriculture and breeding were at the disposal of the world market at low prices has vanished. Other countries are setting about to take the position formerly occupied by the United States. These are young colonies with immense superficies of virgin soil at their disposal. Above all *Canada* and *Argentina*. But the development of these countries does not take place quick enough to compensate Europe of the decrease of the export of the necessities of life from America. Sure enough, a powerful stream of emigration from Eastern and Southern Europe empties itself into America, but a portion only of this stream discharges itself into the agriculture of Canada and Argentina to clear the lands and extend cultivation. The mass of emigrants is attracted by the industry and the mines of the United States. The process of industrialisation has also taken hold of the European emigrant. The « flight from the fields » or the « lack of hands » of the European agriculture find also here their counterpart, since the agricultural colonies do not find the necessary amount of people for the rapid expansion of agriculture, the European emigrants being attracted towards the Northamerican industry. Still more difficult becomes the culture expansion if the attraction of the emigrants towards agriculture is hindered through property relations, as for instance in Argentina, where the Latifundia prevent the agricultural development.

c) *Industry and agriculture.*

Industry has experienced in the last twenty years a very quick development. The demand for raw materials and for the necessities of life has considerably increased. Yet, the development of agriculture and breeding has remained quite behind this development. This disproportion is one of the causes of the high cost of living. Since the agricultural production does not come up to the demand of the industrial countries, the prices of corn, forrage, cotton, cattle, skins, hides and wool have increased.

It is not nature's parsimony that is the cause that the agriculture of the industrial states is not in a condition to deliver the amount of raw material and necessities of life which their people could consume at unchanged prices. The world's agricultural production could be considerably increased, even with the height of production and traffic reached till this day.

According to Ballod, one could, for instance double the superficies of the world's lands susceptible to raise wheat. (1) Moreover the production by hectare could be, as the comparison between the different countries has shown us, considerably increased. It is not through unchangeable natural hindrances that the expansion of agricultural production is prevented, but through social hindrances, which can be removed.

The mode of capitalist production is based on the private property of land. Society lets man produce the necessities of life, without giving him the knowledge or the necessary means to draw from the soil all that is possible. On the greater part of the inhabited earth the agricultural technic which is used is in an awful disproportion with the actual agricultural technic, the result of modern science.

The private property of the means of production causes the anarchy of the capitalist mode of production.

Society abandons to the capitalists the care of investing their capitals into the branch of industry which they choose, and it lets the workers utilize their working power in the branch of production which they desire. The anarchy of the mode of production brings always with it the disproportion in the production. For instance, the international trade of these last decades has agglomerated capital and

(1) See Ballod : *Grundriss der Statistik*, Berlin 1913, page 87 and following.

working forces in to the cities and industrial territories of Europe and America, without preoccupying itself whether, at the same time, the production of the necessities of life or of raw materials for the needs of these increasingly growing masses, increased in the same measure.

Through the augmentation of the world's prices, society sees that it cannot with impunity increase the number of cotton spindles, without increasing at the same time and in the same proportion the cultivation of cotton. It cannot either with impunity agglomerate proletarian masses into industrial centers without letting the cultivation of corn and breeding grow in the same measure.

The high cost of living places therefore the international socialism in presence of its real task, that is to say to supply the people with everything that is needed, to free it from the dependence of the economical strength of private individuals as well as from their profit avidity, to raise the production and distribution to the rank of commonwealth functions, to incorporate all workers into the service of an organised society and then to distribute them into all branches of production, in the proportion in which society needs their working power.

THE AGGLOMERATION OF POPULATION

The rapid growth of industry in the last two decades has accelerated the agglomeration of population in the big cities and in the industrial centers.

Germany had in 1895, 28 cities with more than 100,000 inhabitants and with a total population of 7,261,000 people; in 1910 it already had 48 big cities with 13,823,348 inhabitants. Still more rapid has been the growth of the American cities. The United States have already 50 cities with more than 100,000 inhabitants. The « urbanisation » of the popular masses in these last twenty years, has taken place very rapidly. Never were the complaints about the lack of labour forces in the country, of flats in the cities, louder than during the last two decades.

The agglomeration of population, the rapid growth of the cities, cause the increase on house, store and workshop rent and the augmentation of the real-estate prices.

The increase on the lodging's rent is in the high cost of living, the

apparition which affects most deeply the workers. The increase on store and workshop's rent increases also the cost of the craftsman and retail dealer in the cities. The rise of these cost brings about a new increase on the price of goods. Therefore the private property of land in the cities is not only the main reason for the high costs of house rents but also of the rise on all goods in general.

Every city receives a certain amount of perishable goods, such as milk, vegetables, etc., and they arrive in first place from its immediate neighbourhood. However, the more the population of a city grows, the more also must grow the territory which supplies the city with such produces. In small towns the needs of the people are easily covered by a small circle of producers living in the immediate neighbourhood. These rural producers can in this case deliver their goods directly to the consumers, or at the most, through small retailers. But if this circle enlarges itself, then the trader slips himself in between the rural producer and the urban consumer. The middleman buys the produces in the country and sells them on the municipal markets to the retailers. With the growth of the cities an intermediary does not any longer suffice, and the produces go through the hands of a whole row of intermediaries, before that from the farm they get into the hands of the consumer. The enlargement of the circle around the city, which supplies it with its need for perishable goods, increases the prices of goods by the advanced cost of transportation and sale. Moreover, the trade capital becomes master of the city supply of necessities of life.

Sometimes a small group of capitalists succeeds in becoming master and to monopolise the cattle market and the supply of milk of a whole city. Nor is it a rarity to see the commercial capital to arrive to a predominant position in opening credits on one side to the producer, and the collecting intermediary which buys the produces from the farmer, and on the other hand to the small city retailer, putting thus all of them under its dependence.

Such happenings are especially noticeable on the city markets for cattle. In such cases the land produces as well as the cattle are resold to the city by the commercial capital at prices high above those of the producers.

In the meantime the rapid development of agricultural coöperatives brings about the suppression of intermediaries. The retail associa-

tions of land producers supplants the commercial capital. The direct relation between land producer and city consumer is reestablished through the coöperatives. But the elimination of the commercial capital through the coöperative of rural producers brings seldom a reduction on the existing prices. As a rule the change brought about through the foundation of agricultural coöperatives has the same aim as the industrial trusts : as soon as the agricultural coöperatives have conquered a monopolistic position on the city market, they impose on the consumers their monopoly prices.

Such associations of land producers have frequently, in the last twenty years, increased more especially the price of milk in the big cities.

The rough differentiation between the city and the land is a result of the capitalist development. The capitalist mode of production leaves it to the capitalists to set the place of production where they please, and to determine where the workers shall agglomerate. It causes in this way the overfilling of cities and the desertions from land. The rapid growth of the cities and of the industrial territories causes increases of prices which are apparitions inherent in the development, and which in last instance originate from the same roots as the disproportion between industrial and agricultural production, that is to say, from the anarchy of the capitalist mode of production, consequence of the private property of the means of production.

THE CAPITALISTS' ORGANISATION

Hand in hand with the enormous exterior growth of industry a transformation of its interior structure has taken place during the last twenty years.

In all branches of industry, the aspiration of the capitalists is to suppress competition between themselves, and to free themselves from the domination of the price of goods in founding monopolistic associations, which rule the prices. The results of these efforts are the cartels, syndicates and trusts.

As soon as such a monopoly is created in a branch of industry, and that competition is suppressed, the price of goods separates itself from the cost price. In stead of the competition price it is now a monopoly price.

The decrease of the cost price does no longer lower the prices, it increases only the profits of the capitalists.

Doubtless, the rise of the dividends in all branches of industry which have been trustified may bring new capital to this branch and therefore either through the coming into existence of outsiders, or through the increase of the capacity of the production of the factories belonging to the Trust impose upon them a reduction of price.

But such rebounds are prevented with always more success. Partly through the might of the big banks, which in denying any opening of credit, prevent the foundation of new factories, and besides compel all enterprises under their control, even against the will of their proprietors, to join the trusts; and partly through the different methods of compulsion, used by the trusts and cartels in the struggle against industry owners not belonging to their organisation. (1)

Where capital's freedom and the freedom of competition can in this way be checked the prices of the cartel or trust's goods are independent of the cost price.

Cartels and Trusts succeed first there where the monopolisation of the market finds a support through the monopolisation of nature's treasures. The Standard Oil Co and the U.S. Steel Company in America, the Rhenish-Westphalian Coal Syndicate, the German Steel Works Association, the Longwy Comptoir, the Austrian Iron Cartel, all of them are based on the monopolisation of the natural treasures of the soil through Capital. The increase caused through these private monopolies on the raw materials lower the dividends of the branch of industries elaborating these materials. This compels the owners of these industries to raise also their prices, in founding cartels or trusts.

This movement has till now, as a rule, been limited to the industries which produce either raw materials or half-finished goods. The formation of monopolies in the industry of finished goods has seldom been successful. In spite of that the prices of these goods have also been raised, in order to unload, at least partly, the increase of prices of raw materials on the consumers.

The technical development of the last two decades has increased the productivity of labor and has lowered the cost prices of industry.

(1) Compare Hilferding, *Das Finanzkapital*, Wien 1913; Kestner, *Der Organisationszwang*, Berlin 1912.

In spite of that the price of goods is not in general lower but higher. This is caused by the fact that the lowering of the production prices of the industries which elaborate raw materials is more than compensated by the high prices of the raw material itself, due partly to the disproportion between the industrial and agricultural industry, and partly through the passing of the competition price over to a monopoly price. The high cost of living is therefore on one side, the consequence of the competition between the various spheres of production—more especially between industry and agriculture—for capital and working forces, and on the other side it is caused by the suppression of competition within certain branches of industry (1). It is also a consequence of the anarchy of the capitalist mode of production, and of the effect of the organisation of capitalist corporations.

In the branches of production already trustified production is by this time socialised. The means of production and the working forces are methodically directed from one place. But this socialisation has not been produced by society and for society, but by capital and at the expense of society. This capitalist socialisation is one of the reasons of the high cost of living. What should now happen is the transfer of these means of production—which have been socialised by capital—to society itself, to become its property. « The nation in the place of the trusts », that's the task imposed on the working class by the high cost of living.

THE DECREASE OF THE VALUE OF GOLD

The opening of new gold fields and the revolution in the process of extraction of gold has reduced the cost of production of gold.

The value of gold has decreased, since society needs less labor for its extraction. This fact is responsible for the transformation in the exchange relation, which has occurred, between gold and goods. The decrease of the value of gold reflects itself into the increase of the goods prices.

The rightness of this opinion has been contested by certain eco-

(1) Compare Marx, *Theorien über den Mehrwert*, II. I., page 58 and following.

nomists (1). It must be granted to the opponents of this opinion that the cost of gold extraction is not the only—not even the main—reason for the high cost of living. Nevertheless, side by side with the other reasons, it must be admitted that the decrease of the value of gold is also a cause of the high cost of living. The possibility to extract gold at a low production price, has had for effect a considerable increase in the gold production. We have already pointed out that the increase of gold production is one of the reasons for the acceleration of the speed of the economic development, bringing about the evolution causing the high prices.

The capitalist production is based on the social division of labor. Each branch of industry manufactures goods for the need of society and, in exchange, receives from society, equivalent labor products from other branches of production. However, as long as social production will be based on the private property of the means of production, the allotment of the product of social labor to the different branches of production shall not be made by the conscious and regulated action of society itself duly organised; but through buying and selling, through the exchange of goods against money and of money against goods. The social character of labor, the relations of the social production embody themselves into things, into gold, into silver. The fate of these things revolutionises therefore the relations of social production. The transformation of the conditions of production of gold, revolutionise the social relations between men. If the working class rebels against the high cost of living, it revolts also against the fact that the social relations between men put on the mask of relations of prices between things. It rebels thus against the continuation of the capitalist mode of production being in existence, and against the existing contrast between social production and private property of the means of production.

(1) Compare Bauer : *Die Teuerung*, Vienna 1910. — Varga : *Goldproduktion und Teuerung*. — Hilferding : *Geld und Ware*. — Bauer : *Goldproduktion und Teuerung*, « *Neue Zeit* », XXX, 2. — Karski : *Teuerung, Warenpreise und Goldproduktion*, Dresde, 1913. — Kautsky : *Die Wandlungen in der Goldproduktion*, 16, Erg. Helft der « *Neuen Zeit* ».

INFLUENCE OF THE STATE ON THE FIXATION OF PRICES

a) *Taxes and public debts.*

In all capitalist nations the state budgets and the cities expenses have considerably increased, during the last twenty years. The elevation of public expenses is partly a consequence of the higher requirements of the public services caused by the general high cost of living, and accelerated through the agglomeration of the population in the big cities and industrial centers. It is also, partly, the result of the formidable increases in the budgets for the army and navy.

The expenses of the six great European mights and the United States of America for the army and navy, amounted to, without the extraordinary credits for the Balkan war :

	In 1891 In million marks	In 1912
Army	2,664.2	4,661.5
Navy	882.0	2,878.0
Total :	3,546.2	7,539.5

The great expenses for militarism and marinism are partly covered through a taxation increase. The advance on indirect taxation brings about the increase on the prices of the necessities of life. The capitalists hit through direct taxation can partly unload this taxation on the buyers of their goods.

Quicker still than taxation grows the public debt. From 1891 to 1912 the public debts of the 5 great powers of the continent (excluding the federated States of Germany and the Austrian Crown provinces) amounted from 57.409 million marks to 76.625. The overflow of the financial markets with treasury bonds renders the sale of mortgage-bonds more difficult. The deposits of the savings-banks are thus withdrawn and the supply of the necessary funds for mortgage-credits is obstructed. On account of this the building activity is paralysed, the need for lodgings in the big cities grows ever more, and is followed by the advance of house-rents.— At the same time the augmentation of the productivity of agriculture is delayed owing to the difficulty to obtain credits for improvements.

The increase of public debts contributes also to enhance the value of house-rents and necessities of life. In the high prices which the people must pay for the necessities of life and house-rents, is also hidden its tribute to imperialism and militarism.

b) *Customs duties and prohibitions to import goods.*

Under the pressure of the economic revolution of the last decades, the efficacy of the customs duties has entirely changed.

When the United States and Russia in the seventies and eighties unloaded their surplus of cheap corn on the European markets, the States of Continental Europe attempted to protect their agriculture against a superior competition through import duties on grain. This competition delivered wheat to the European markets to lower prices than the production cost of the grain grown in Central Europe. The import duties seemed then necessary in order to save from ruin the cultivation of grain in Central Europe and to avoid the too rapid proletarianization of small land owners. The effect of import duties on the prices of grain was then not yet noticeable. These import duties, it is true, kept the home prices of the amount of the duties above the world prices. But as the world prices sunk, it followed that the home prices also sunk, and that so long as the import duties were not advanced.

To-day the thing is quite different. The « American danger » does not threaten any longer the European agriculture. The world prices have gone so high that the European agriculture does no longer need import duties to be able to live. The price of 1,000 kilograms of wheat amounted on the average, in marks :

	Chicago	London	Odessa	Paris	Berlin	Vienna
In 1903	120	135	113	186	161	149
» 1904	153	144	121	180	174	175
» 1905	148	149	126	191	175	168
» 1906	121	143	120	192	180	152
» 1907	137	155	178	195	206	190
» 1908	150	160	177	184	211	222
» 1909	173	186	173	198	233	264
» 1910	159	157	147	213	211	214
» 1911	144	155	146	212	204	220
» 1912	153	172	162	235	217	215

At the end of a decade the price is about as high in Chicago, London and Odessa, as it was at the beginning of the decade in Paris, Berlin, Vienna. The world prices are to-day as high as was the price of the protective countries a few years ago. The agriculture of Central Europe could to-day subsist even without import duties on grain. If the import duties on grain are no longer necessary, their action on the prices of corn is however more noticeable to-day than formerly. Our schedule shows that the prices in the countries having import duties on grain are much higher than the world's prices.

At a time when even the world prices are oppressing the advance of prices on grain beyond the world prices is unbearable. If the import duties have formerly retarded the decrease of the prices of grain, today they accelerate, in the countries protected by these duties, the advance on the prices of corn.

More oppressing still than the prices of grain, is the prohibition, which certain states have decreed, to import cattle or meat. If the prices of meat have everywhere advanced — quicker than the prices of grain — in the countries where the prohibition to import has been decreed, the advance of meat prices is especially oppressing. (1)

Hundred kilograms of cattle costed :

	London Argentine meat Weight of meat	London Engl. meat Weight of meat	Paris Weight of meat —	Berlin Weight of slaughter house	Vienna Weight of living cattle
	Price of 100 kilogr. in marks				
1903 . . .	—	—	115.2	129.0	62.8
1904 . . .	—	101.9	113.3	131.5	63.4
1905 . . .	47.6	99.0	114.5	137.5	69.1
1906 . . .	49.3	97.5	103.5	147.7	69.1
1907 . . .	53.1	101.7	122.0	146.6	71.4
1908 . . .	58.0	104.3	127.2	139.6	66.3
1909 . . .	52.4	106.4	125.3	131.6	68.3
1910 . . .	58.2	112.8	120.1	145.0	74.7
1911 . . .	51.1	107.1	135.7	153.7	86.2
1912 . . .	60.5	117.0	136.3	166.2	91.8

(1) Compare Spahn : *Theorie der Preisverschiebung*, Vienna, 1913.

The advance of prices is everywhere noticeable. They increase especially in Germany and in Austria because, under the pretext to protect their cattle against epidemics, the Government of both countries have prohibited the importation of foreign cattle.

Tyszka in his work, already mentioned, illustrates the action of the import duties on grain and of the prohibition to import cattle or meat, in the following manner : He represents through the figure 100 the average household's expense for bread and meat from 1896 to 1900 and he then calculates how this expense for a same consumption has increased. The calculation gives the following results :

	Bread				Beef meat			
	Germany	Austria	England	Holland	Germany	Austria	England	Holland
1896 to 1900	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1901 to 1905	102.3	92.8	101.8	96.9	108.3	102.4	106.0	121.3
1906 to 1910	124.4	114.6	110.8	114.1	222.0	117.1	109.2	125.4
1911/12	127.7	117.0	113.8	114.5	130.0	138.5	117.8	126.9

The increase on the expense for bread, but especially for meat in Germany and in Austria is much higher than in England and in Holland. Consequently higher in the States with protective duties than in free-trade States.

Just as much as the efficacy of the agrarian protective duties has changed, so the efficacy of the industrial protective duties is no longer the same. The States of Continental Europe as well as the United States have taken the initiative to put up import duties on industrial goods to protect their industry against the superior competition of older industrial states, especially England. What they wanted is that under the protection of these import duties their industry might grow. The import duty was not for always to raise the price of the goods; it was hoped that the competition would lower so much quicker the prices, as the development of industry with the protection of the import duty would be accelerated. The import duty was not either to be eternal. One thought that it would no longer be necessary when the young industry, protected by the import duty, would have become strong enough to sustain the competition of foreign industries.

Since then, however, the development of modern capitalism has brought about the formation of cartels, syndicates and trusts, and the efficacy of the import duty system is now quite different.

To begin with, the import duties render possible in most cases the formation of capitalist private monopolies. A comparison between England and Germany, the United States and Austria shows immediately that the number and might of the capitalists private monopolies in the protection states is greater than in the free-trade countries. The duties determine also the prices that the Cartels and Trusts may obtain for their goods on the home market. Since the Cartels and Trusts can always take advantage of the import duties, their prices are so much more advanced as the import duties are higher. Finally, the duties are no longer used to protect the home market, but also to help the attack for the competition of the world market; the plus-profit which Trusts and Cartels make on the home market, thanks to the duties, allows them with the help of Export premiums, to force exportation. The import duties on industry goods, are therefore no longer a temporary arrangement, necessary to an industry as long as it is in formation, in order to be able to compete with foreign industries, older and better developed; no, capital needs them even at the time of its maturity, and even if industry has reached its highest point of productivity, in order to assure the existence of the trusts and cartels, in order to keep the prices of the home market high, and, finally, to increase its strength for the struggle for the world market's competition (1). The import duties on industrial goods, from tutelary duties have become trust protective duties, and in protective States their action for the determination of prices is today much more effective than formerly. While in the protective countries the duties increase the high cost of living, in the free trade States, they have an opposite effect, since they accelerate and force the « dumping » from the trusts of productive states into free-trade countries, thanks to the high Export premium.

The goods which the cartels and trusts bring to the market, are mostly raw materials and half-finished products. The import duties protecting the cartels have therefore the tendency to raise sensibly the prices on the raw materials and half-finished products of the protective countries; and, on the contrary, to cheapen them in the free-trade countries. In the industries elaborating these raw-materials

(1) Compare Hilferding : *Der Funktionswandel des Schutzzolls*. *Neue Zeit*, XX. 2.

and half-finished products, the relations of competition are, on this account, shifted. As these raw materials and half finished products can be obtained by the free-trade states cheaper than in the protective countries, the industry of finished articles of the former is superior to that of the latter.

The protective states can only indemnify their industry — and that only partly on the home market, — by putting high duties on foreign finished goods. If there already exists an import duty on iron, it will be established an import duty on machines. If there already exists an import duty on yarn, there will also be a duty on tissues, on linen, on clothes. Thus, on the protective tariff of raw materials and half-finished goods, controlled by the Cartels and Trusts, is built a whole system of industrial protective duties, which raise the prices of all products of industry. The general level of prices is thus considerably advanced.

THE STRUGGLE AGAINST THE HIGH COST OF LIVING

a) *The struggle against protective duties*

The increase of the world market's prices is a consequence of the exceedingly rapid development of capitalism in the last quarter of a century. Deriving from the essential nature of capitalism, it cannot be eliminated as long as the capitalist society subsists.

But what the working class may do, it is to take up in each country the struggle against the raising of the home prices on goods, above the prices of the world market.

So long as the raise on the price of goods is a consequence of the increase of taxation and public debt, the struggle of the working class must be lead against the high cost of living, in fighting militarism and marinism. The working class must also demand the substitution of the taxation on the necessities of life and popular lodgings through direct taxation on private property.

If the advance on the prices of goods is a consequence of the tariff system, then the working class must struggle against the protective duties and against import prohibitions. Owing to the development of international trade during the last twenty years, the working class is compelled to prevent the introduction of protective tariffs

in countries, which till now had remained faithful to free-trade and it must make all efforts to bring about the elimination of the protective tariffs in the countries where they still subsist. The working class must lead the struggle against the system of protective tariffs, without however falling into the free-trader's illusions.

Free-trade means the absolute dependence of any country from the world market; the boundless competition between all nations, having as consequence the struggle till extermination, with its crisis, bankruptcies, unemployment and hunger wages.

Protective tariff means the hostile shutting off of a country against another, the monopolies of cartels and trusts which in every country starve the masses with a still worse high cost of living.

None of these two systems of the capitalist political economy can cure the evils of the capitalist mode of production. Each of them shirks the evils of the other, which however are substituted by other evils. The protective system cannot abolish unemployment, no more than free-trade can suppress the high cost of living. Unemployment and high cost of living will only disappear with the advent of socialism.

But in the actual stage of the capitalist development, and more especially in the highly advanced industrial countries, the protective tariff is the worst of both evils.

The working class however must not struggle against all protective tariffs without discernment. In every case though it must struggle against the two kinds of import duties which are today the bases of the protective tariff system : the agrarian import duties and the duties protecting the trusts.

At first the struggle must be lead against the duties on necessities of life, on grain and fodder, on cattle and meat; and against the prohibition to import cattle and meat. The raise on the prices of the world market have rendered these duties useless and unbearable.

The working class in its struggle against the agrarian protective tariff must not let itself be mislead by the fictitious argument that the protective tariffs are necessary in order to prevent the mass of small land owners to be ruined. To this argument, the working class will answer through the following facts :

1. — With the existing world market prices the Agriculture of Central and Western Europe could subsist even without protective

tariff. Even if, a certain reduction in the agricultural production would follow the elimination of duties, the development of industry would be accelerated, since the urban population could buy more industrial products, as its needs for the necessities of life could be covered with less money.

The decrease, in the demand for hands in the agriculture would be compensated by an increase in the demand for hands in the industry.

2. — It is precisely these land owners, which as a class are closer to the proletariat i. e. the small ones which should have no interest for protective tariffs, since they grow corn not for the market, but for their own use. If, on the contrary, they are obliged to buy grain, they must, like anybody else, support the loss caused by buying at the prices of the protective tariff.

3. — In territories with leased farms, the raise on the prices caused by the duties brings about the increase on the lease-rent. It is not the labouring farmer that profits by the protective tariff, but the idle owner.

In the agricultural centers where the land owner works his own farm, the raise of price caused by the protective system brings about an increase on the prices of lands, and also, therefore, a raise on the mortgage charges. It is not the land owner that takes advantage of the protective tariff, but the mortgage capital.

Thus, in Austria for each piece of real-estate (with the exception of « landtäflichen » urban and mining property) which passed either through sale or through succession from one hand into another, corresponded a new mortgage charge of, on average.

	Through the credit of buying price Crowns	Through succession Crowns
1892	2243	1456
1901	2774	1784
1911	4495	2020

4. — The raise of the real estate prices makes it more difficult for the land workers and small farmers to acquire land. It facilitates the concentration of land property in possession of the big land owners.

No social-politic reason therefore prevents the working class to urge the suppression of the agrarian protective tariff system.

The struggle of the working class must then be lead against the protective duties which prevent foreign countries to compete with the trusts, syndicates and cartels, thus assuring them the subsistence of a private monopoly, and make it possible to maintain high home prices and to export at « dumping » prices.

The working class struggling against the import duties which protect the cartels, must not let itself be mislead by the argument, based on false appearances, « of the harmony of interests of capital and labor » which is put forward by capitalists. To this capitalist's argument the workers should oppose the following facts :

1. Many big industries, which today enjoy the protective tariff, would also be able to subsist without any decrease in their domain if the tariff were eliminated. The suppression of import duties could not hinder the development of an industry entirely unfolded and able to support competition. It would only reestablish competition and certain trusts and cartels would be entirely annihilated, while others would be compelled to lower their prices.

2. Doubtless, some industries which have prospered under the protective system would be hampered in their development through the elimination of the tariff. On the contrary the industries of finished articles would be advantaged; today they are hampered through the advanced prices on raw materials and on manufacturing means which cartels and trusts impose upon the home industry of finished articles, but which they deliver to foreign competitors at vile prices. The hemming in of the development of the industries elaborating raw materials and half finished products would be more than compensated by the more rapid development of the industries of finished articles. Thus, for instance, in Germany and in Austria, the elimination of the protective tariff on iron would slacken the development of iron industry, but quicken the development of the industry of engines, the building of steamships, and so on. This change would be advantageous to the working class, for the industry of finished articles employs, with a same amount of capital, many more workers and in general the working conditions in these industries are better than those of the industries producing raw materials.

The elimination of the agrarian protective tariffs and of the tariffs protecting the trusts, would render possible the gradual elimination of the other duties. This would not of course suppress the high cost of living, but the prices level would be lowered to what it today is in the free-trade countries.

In fact, we see already that the proletariat has begun the fight against the agrarian and industrial protective tariffs —, for instance, in Germany, in Austria, in Italy and in Switzerland. In the United States the ruling classes have already been compelled to grant a lowering on the import duties to assuage a little the exasperation of the masses occasioned by the high cost of living. In England, the Unionists have been compelled to abandon Mr Joe Chamberlain's fiscal policy, for the labour unrest these last years has shown that the workers would not let impose upon themselves a new advance on the prices of the necessities of life.

The cooperation of the socialist party in all countries to fight against the protective tariffs is possible and necessary. In 1917 expire the treaties of commerce between the States of Central and Oriental Europe. It will then be an opportunity for the socialist party to begin a general attack against the system of protective tariffs. The cooperation of the party, in each country, will, at that time, increase the strength of their attack. If the socialist parties of all countries have already learned to be united for fighting against the armaments, they must also learn to lead a systematic battle, with a common plan, against the protective tariffs.

b) *The coöperatives.*

The development of capitalism shoves in between the producer and the consumer an enormous amount of intermediaries, employed for the exchange which is dominated by the commercial capital. But in the further course of this development, appears the tendency to eliminate the commercial capital and to place again production into immediate contact with the consumer.

That is first of all the aim of the producers' organisations. We have described above the efforts of the agricultural cooperatives. The trusts and syndicates, strive also either to eliminate the merchants, or to transform them into mere agents, through the intermediary of which they try to deliver as directly as possible their goods to the consumers.

On the other side, the consumers' organisation have this very same aim. The consumers' coöperative societies combined into wholesale societies, seek to eliminate the merchant in buying goods direct from the manufacturer. The fixation of prices is influenced according that the one or the other of these organisations is stronger; on one side being the cartels, trusts and agricultural syndicates, and on the other, the consumers coöperatives. If the bosses' organisation is the stronger, the profit which till now was collected by the commercial capital will fall, after its elimination, into the hands of the industrial and agricultural organisations. But if the might of the consumers' coöperatives is powerful, then a part of the profits will fall to the consumers.

The coöperatives reach a higher grade of importance, when instead of limiting themselves to the distribution of goods, they undertake to manufacture goods. They can thus ascribe these profits to the consumers, and by establishing industrial coöperatives they can free the consumers from the dictatorship of capitalist monopoly prices.

The proletarian coöperatives have at first experienced many difficulties, because they were poor and the working class had no business experience. But these children's diseases once overcome, the coöperatives may become a powerful arm in the struggle against the high cost of living. This importance of the coöperatives has already been acknowledged at the Copenhagen International Congress.

c) Tasks of the Cities and States.

Analogous tasks to those of the coöperatives can also undertake the cities in the struggle against the high cost of living : in municipalizing building plots, and building thereon popular lodgings and in covering the expenses through a taxation on the ground-rent; in establishing municipal bakeries, slaughter houses, meat places and dairies and in organizing the distribution of the necessities of life and the municipal markets, the cities can effectively fight against the high cost of living.

The States can do all this on a still larger scale. The state must first of all encourage private initiative, just as for instance, in stimulating the building of cheap popular lodgings, in opening credits for such buildings and in rendering possible to the small rural proprie-

tors to improve their land, which improvement will bring about a greater productivity of agriculture.

The state can also diminish the oppression of private monopolies in taking over railways, mines and certain branches of industries.

Of course, all these measures must only be favored there where the communal or governmental enterprises are under the effective supervision of a democratic parliament and under the powerful influence of the working class. There where the working class cannot influence them, the increase of municipal or governmental enterprises is another means to strengthen the sovereign force of the ruling classes. It depends therefore of the might relation of the classes in each land, to know whether the municipalisation or the nationalisation of certain enterprises must be considered as a means of struggle against the high cost of living.

THE EFFECTS OF THE HIGH COST OF LIVING

The powerful industrial development of these last decades has first of all improved the situation of the working class. The demand for workers has increased. Unemployment has been less than formerly, the periods of depression have been shorter. The salaries have been advanced. The degree of human exploitation seemed to have decreased. In the camp of the International Socialism itself, spread the hope that the working class would be able gradually and peaceably to hollow out the capitalist exploitation.

But this same rapid industrial development which has temporary greatly improved the condition of the working class, has had for ulterior effect to bring about the high cost of living. The increase on the salaries is more than compensated through the advance on the necessities of life and house-rents. The working class is therefore robbed of the results obtained through struggles full of sacrifices for the raising of salaries. The exploitation of the proletarians increases.

Tyszka (1) has compared the movement of salaries and of the prices of goods, and he has figured out the movement of the real

(1) Tyszka. *Löhne und Lebenskosten in Westeuropa im 19. Jahrhundert*. *Schriften des Vereines für Sozialpolitik*, 145 vol.

salaries on the basis of the households' budgets. If one designates the amount of real salaries in 1900 by the number 100 the following figures are obtained :

	Belgium	France	England	Prussia	Spain
1890 . . .	82.6	89.5	82.5	77.7	89.5
1895 . . .	92.3	—	84.3	69.1	94.2
1900 . . .	100.0	100.0	100.0	100.0	100.0
1905 . . .	86.0	104.5	91.6	88.1	94.1
1910 . . .	—	106.0	92.2	82.9	102.0

From 1890 to 1900 the real salaries have increased very much and rapidly. After 1900 things change. From this date the real salaries show in France and in Spain a slow raise, while in Belgium, Germany and in Prussia they decrease.

The change for the worse in their standard of life causes agitation and irritation among the masses. In England reigns the « labour unrest ». In the United States of America, the discontent of the masses has thrown down from power the republican party and has splintered it. It has moreover transformed the bourgeois democracy and strengthened socialism. In Germany the high cost of living is the main reason for the great changes in the political power which we have experienced at the time of the Reichstag elections in 1912. The high cost of living has caused in 1911 in France and in Austria street revolts. In Italy it has been a ferment of the great effervescence which dominates there and at times explodes through general strikes. Even outside of the capitalist industrial states, the high cost of living is a motive power of the social and national movements. In the general literature on the revolutionary movements in Turkey, Persia, India and China, the high cost of living is always characterized as one of the main reasons of the general discontent.

The high cost of living compels the working class to struggle for the obtention of higher salaries. The employers' organisation becomes every day stronger in order to oppose the workers. The conditions of the Trade-Unions' struggle have changed. Strikes and lock-outs shake up all nations.

Whilst these class contrasts become more acute within the Capitalist States and the irritation in the colonies threatens the European capitalism with new dangers, arise at the same time the preliminary conditions for the elimination of capitalist domination. The high

cost of living increases the ground-~~rent~~ and the dividends of the trustified and cartelised capital. Quick rising fortunes accumulate themselves into the hands of a small number of people. The production of the big trust and cartels is socialised. The conditions necessary to the transfer of the means of production to the common-wealth, in order that the latter might become their proprietor und administrator, arise rapidly from the capitalist development itself.

The high cost of living, itself a result of the more rapid development of capitalism, accelerates itself this development. It revolutionises labour and concentrates capital. The moment where the organised working class, will take possession of the might of organised capital draws near at a tremendous pace, and thus, in destroying all effects of capitalist private property it will also wipe out the high cost of living.
